

Message Text

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21

ACTION FEA-01

INFO OCT-01 NEA-09 ISO-00 AEC-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-05 SP-02 SS-15 STR-04 TRSE-00 FRB-01 PA-02 PRS-01

USIA-15 /106 W

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R 240821Z JAN 75

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 2520

UNCLAS BEIRUT 1085

E.O. 11652: N/A

TAGS: ENRG, LE

SUBJECT: NATIONAL OIL COMPANIES

REF: STATE 009029

1. BACKGROUND: LEBANON HAS TWO REFINERIES EACH FED BY OVERLAND CRUDE OIL PIPELINE FROM ARAB HINTERLAND. LARGER, FORMER IRAQ PETROLEUM CO. (IPC) REFINERY NEAR TRIPOLI IN NORTH, HAS CRUDE INTAKE CAPACITY OF ABOUT 36,000 BARRELS PER DAY (BPD). IT WAS TAKEN OVER BY GOL MARCH 5, 1973 BUT CONTINUES UNDER IPC OPERATION PENDING RESOLUTION TAKEOVER DISPUTE. UNDER VERY FORTUITOUS AGREEMENT MADE BEFORE RECENT LARGE OIL PRICE INCREASES, GOL BUYS 1.5 MILLION TONS (30,000 BPD) CRUDE ANNUALLY FROM IRAQ FOR, IN 1975, ROUGHLY \$3 PER BARREL. AGREEMENT EXPIRES END-1975. OTHER REFINERY IS AMERICAN-OWNED (CALTEX/MIBIL) MEDRECO AT TAPLINE TERMINUS NEAR SIDON IN SOUTH. CPACITY ABOUT 18,000 BPD. AS OUTGROWTH CONSTANT GOL-MEDRECO DISPUTES, GOL BEGAN SEQUESTERING DAILY CRUDE SUPPLY FROM TAPLINE AUGUST 1, 1973, WITHOUT PAYMENT TO DATE. MEDRECO REFINES ON FEE-PER-BARREL

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BASIS. SINCE DOMESTIC DEMAND FOR VARIOUS PRODUCTS MOSTLY

JET FUEL AND GASOLINE) EXCEEDS REFINERIES' CAPACITY, THESE AND OCCASIONALLY OTHER PRODUCTS IMPROVED IN PART. DUE VARIOUS DISPUTES AND PREVAILING HIGH WORLD PRICES, RECENT TREND IS FOR GOL TO PURCHASE SOME PRODUCT IMPORTS, WHICH THEN DISTRIBUTED NORMALLY BY COMMERCIAL MARKETERS. FOLLOWING KEYED REFTEL PARAGRAPHS.

(A). GOL RESERVES 20 PER CENT OF TRIPOLI PRODUCTION OF GASOLINE, KEROSENE, GAS OIL AND FUEL OIL FOR MARKETING BY FOUR SMALL LEBANESE FIRMS EZZEDINE, EASTERN OIL, CHAMMAS, MESQUEQUE. (UNDERSTAND FRENCH ELF NOW OWNS 50 PER CENT EZZEDINE). EACH ENTITLED SPECIFIC PROPORTION THESE FOUR FUELS. THIS IS EFFECTIVE 12 PER CENT OF LEBANON PRODUCTION THESE FOUR FUELS, SINCE MEDRECO OUTPUT NOT INVOLVED. ALL OTHER MARKETING CONTROLLED BY PRESENT OR (IN IPC CASE) FORMER REFINERY OWNERS: ESSO, MOBIL, CALTEX, SHELL, BP, TOTAL (CFP). AUTHORITY IS GOL DECREE NO. 2816 DATED DECEMBER 14, 1959, IMPLEMENTING COUNCIL OF MINISTERS DECISION OF NOVEMBER 11, 1959.

(B). THERE NO FORMAL OR LEGAL IMPORT PRIVILEGE FOR NATIONAL COMPANIES. BUT AS INDICATED PARA 1, GOL ITSELF IMPORTS CRUDE (AND GASOLINE BLENDSTOCK OR BASE) FOR TRIPOLI REFINERY AND IS (IMPORTING" SEQUESTERING) MEDRECO CRUDE TOO. GOL PRESENTLY ALSO IMPORTING GASOLINE AND FUEL OIL SHORTFALL FOR RETAILING BY ALL MARKETERS, WHO PRESENTLY PURCHASING ON OWN ACCOUNT MOST IMPORTS LPG AND JET FUEL. (ABOUT 50 PER CENT JET FUEL CONSUMPTION IS IMPORTED.) IMPORT SITUATION VARIES SEASONALLY AND IS CONFUSED BY THE MANY GOL-INDUSTRY DISPUTES. GENERALLY SPEAKING, REFINERS AND MARKETERS REFUSE IMPORT AT HIGH WORLD PRICES PRODUCTS WHICH MUST BE MARKETING HERE UNDER CONTROLLED PRICES, IF THEY WOULD THEREBY SUFFER LOSSES. SO FAR, GOL HAS COOPERATED AND IMPORTED ON OWN ACCOUNT WHEN NECESSARY.

(C). ACCORDING ONE COMPANY'S STATISTICS, TOTAL 1973 DOMESTIC CONSUMPTION WAS 49,101 BPD ACTUAL. ESTIMATED 1974 TOTAL DOMESTIC CONSUMPTION IS 52,945 BPD. THERE NO COMPLETE OFFICIAL STATISTICS FOR 1973 OR 1974 AS YET.

GODLEY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, PETROLEUM INDUSTRY, PETROLEUM PRODUCTION, PRODUCTION DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 24 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BEIRUT01085
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750027-0125
From: BEIRUT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750124/aaaaavdg.tel
Line Count: 96
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION FEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 STATE 009029
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 08 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 APR 2003 by RuthemTJ>; APPROVED <10 NOV 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NATIONAL OIL COMPANIES
TAGS: ENRG, LE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006